

**HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS**

BILL #: HM 281

FINAL HOUSE FLOOR ACTION:

SPONSOR(S): Hill

Voice Vote Y's --- N's

COMPANION N/A
BILLS:

GOVERNOR'S ACTION: N/A

SUMMARY ANALYSIS

HM 281 passed the House on April 9, 2014, and subsequently passed the Senate on April 24, 2014.

HM 281 urges the President to issue final approval of the Keystone XL Pipeline Project, a proposed 875-mile pipeline crossing the U.S.-Canadian border at Morgan, Montana, and continuing to Steele City, Nebraska, where it will connect with existing pipelines to deliver crude oil from oil sands in Canada and from the Williston Basin (Bakken) region in Montana and North Dakota to refineries in the Midwest and the Gulf Coast of Texas.

The memorial does not have a fiscal impact.

The memorial is not subject to the Governor's veto power.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Permit Process Requirements

Executive Order 13337 requires that all proposed petroleum pipelines that cross international borders of the U.S. receive a Presidential Permit.¹ In this process, the President must first issue an Executive Order which directs the Department of State (Department) to determine whether a particular project serves a national interest. In this determination, the Department considers factors consistent with the National Environmental Policy Act and prepares a Final Supplemental Environmental Impact Statement (FSEIS) which determines if the project does or does not serve a national interest. Upon publishing the FSEIS, the Department has 90 days to consult with eight federal agencies including the Environmental Protection Agency and the Departments of Energy, Defense, Transportation, Homeland Security, Justice, and Commerce. The Department must also consider public comment on the proposed project. This window does not impact the President's unspecified timeline² for making a decision on the Project's application. At any point after this Presidential Permit process, the President may issue a National Interest Determination and then either approve or deny the Project's application.³

Keystone Pipeline System and Keystone XL Pipeline

The Keystone Pipeline System is an oil pipeline system delivering oil from the Western Canadian Sedimentary Basin in Alberta, Canada, to refineries in the United States in Steele City, Nebraska; Wood River and Patoka, Illinois; and the Gulf Coast of Texas. It consists of four pipeline systems, or phases. The following are complete and operational:

- Phase I (for which the Department issued a Presidential Permit on March 17, 2008) runs from Hardisty, Alberta, to Steele City, Nebraska, and then to Wood River and Patoka, Illinois;
- Phase II extends south from Steele City, Nebraska, to Cushing, Oklahoma; and
- Phase III extends further south from Cushing, Oklahoma, to Nederland, Texas.⁴

Phase IV, the Keystone XL Pipeline Project (Project), also will run from Hardisty, Alberta to Steele City, Nebraska. In 2008, TransCanada Keystone Pipeline, LP (TransCanada), a Canadian company that is financially backing the entire pipeline system, submitted its first application for the Project.⁵ The proposed pipeline was 1,384 miles, and would have crossed 90 miles of the Sand Hills Region in Nebraska, a region the Nebraska Department of Environmental Quality identified as environmentally-sensitive. The Department published the FSEIS for this proposal in 2011, but the President subsequently denied the permit due to the controversial path the Project took across the Sand Hills Region.

On May 4, 2012, TransCanada filed a new Presidential Permit application, proposing a new route which avoids the Sand Hills Region. Under the new application, the Project consists of an 875-mile pipeline crossing the U.S.-Canadian border at Morgan, Montana, and continuing to Steele City, Nebraska. The Project is estimated to cost TransCanada approximately \$3.3 billion.⁶ The Project is estimated to take

¹ Executive Order 13337—*Issuance of Permits With Respect to Certain Energy-Related Facilities and Land Transportation Crossings on the International Boundaries of the United States*, Apr. 30, 2004, available at <http://www.gpo.gov/fdsys/pkg/WCPD-2004-05-10/pdf/WCPD-2004-05-10-Pg723.pdf>.

² According to the U.S. Department of State (in *Remarks on the Release of the Final Supplemental Environmental Impact Statement for the Proposed Keystone Pipeline*, Jan. 31, 2014, available at <http://www.state.gov/e/oes/rls/remarks/2014/221129.htm>) “the only specific timeline that’s given in the executive order is that the consulting agencies have up to 90 days to get their views in.”

³ 42 U.S.C.A. § 4332 (West); U.S. Department of State, *Remarks on the Release of the Final Supplemental Environmental Impact Statement for the Proposed Keystone Pipeline*, Jan. 31, 2014, available at <http://www.state.gov/e/oes/rls/remarks/2014/221129.htm>.

⁴ United States Department of State Bureau of Oceans and International Environmental and Scientific Affairs, *Final Supplemental Impact Statement for the Keystone XL Project (FSEIS)*, Jan. 2014, available at <http://keystonepipeline-xl.state.gov/documents/organization/221135.pdf>.

⁵ FSEIS Exec. Summ., at 1.

⁶ FSEIS Exec. Summ. at 9.

two years to complete construction. Along with the three previous phases of the Pipeline, the Project will have the capacity to deliver roughly 830,000 barrels per day of crude oil from oil sands in Canada and from the Williston Basin (Bakken) region in Montana and North Dakota to refineries in the Midwest and the Gulf Coast of Texas.⁷

For its review of the application, the Department selected the consulting firm, Environmental Resources Management as a third-party to prepare the Supplemental Environmental Impact Statement. In preparing the FSEIS, the Department took into consideration over 1.5 million public comment submissions.⁸ The Department issued the FSEIS in January 2014, triggering a 90-day period for the Department to solicit comment from the appropriate U.S. agencies per Executive Order 13337.

The FSEIS states the Project will not significantly add to greenhouse emissions.⁹ Specifically, the FSEIS states that assuming the Project occurs within the next few years, the climate conditions will not substantially differ from the current conditions.¹⁰ The FSEIS also states that the potential for certain spills have been mitigated by implementation of the PHSMA prevention plan.¹¹ Finally, the FSEIS states the Project will support approximately 42,100 jobs either indirectly, directly, or induced by the Project. Approximately 3,900 of these jobs are construction jobs located through Montana, South Dakota, Nebraska, and Kansas.¹² Overall, the Project would result in approximately \$2 billion in earnings throughout the United States and approximately \$3.4 billion (or 0.02 percent) to the U.S. gross domestic product (GDP).¹³

Effect of the Bill

HM 281 urges the President to issue final approval of the Keystone XL pipeline Project.

Copies of the memorial will be provided to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and each member of the Florida delegation to the United States Congress.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

⁷ FSEIS Exec. Summ. at 6.

⁸ U.S. Department of State, *Keystone XL Pipeline Evaluation Process Fact Sheet*, available at Keystonepipeline-xl.state.gov/draftseis/205549.htm.

⁹ FSEIS Exec. Summ. at 15, 34.

¹⁰ FSEIS Exec. Summ. at 17.

¹¹ FSEIS Exec. Summ. at 19.

¹² FSEIS Exec. Summ. at 19.

¹³ *Id.*

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.